

THE

POLITICAL DESTINY OF CANADA

BEING DETERMINED BY ITS
FINANCIAL POLICY.

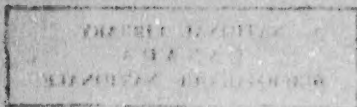
BY

A BRITISH IMMIGRANT OF FIFTY-SIX YEARS' STANDING.

REPRINTED FROM THE "CANADIAN SPECTATOR."

MONTREAL :
THE CANADIAN SPECTATOR COMPANY.

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A few months ago it required boldness on any man's part to utter the word "annexation," unless he at once denounced the unpatriotic expression. Professor Goldwin Smith discoursed on the matter, dealing mainly in theories, and drawing deductions. Sir Francis Hincks and lesser men could only meet him with one assertion: The sentiment of the Canadian people is against it. Unquestionably they were right; but recent events have shewn that the sentiment of attachment to Great Britain was not so deep and strong as many had supposed. The money question coming on, we made it evident that we were not prepared to pay a heavy price for British connection. From that it is only fair to reason that if any other alliances could be made to appear more profitable, we should be prepared to consider them.

At any rate it appears to me that our past and present mode of financing can have but one result, which will appear when I have laid my facts and figures before the public. For any opinions expressed, the writer is alone responsible—the SPECTATOR is not committed in any way. I will begin with Canadian finances.

The present indebtedness of the Dominion amounts to a hundred and forty millions of dollars, a large portion of which has been sunk in canals, the Grand Trunk, the Intercolonial, the European and North American, the Nova Scotian and Prince Edward Island Railways. Fifteen millions of dollars were loaned the Grand Trunk by the Government of Canada, in 1857, and not a dollar of principal or interest has been paid to the State from that day to this, and never will be; and that road now stands indebted over \$28,000,000. The Intercolonial—which is part of the price paid to New Brunswick and Nova Scotia to join the Confederacy, which was (to the ruin of Ontario and Quebec) forced on

these Provinces by a dead-lock brought on by their squabbling politicians—cost, according to the report of Mr. Brydges, its late manager, \$36,091,065, and the running expenses and maintenance exceed the receipts by nearly a million dollars in the last two years. Six or seven millions of dollars were thrown away at the instance of a few well known tricky politicians and sharpers in and around the city of Quebec, who forced the line out of its proper route, by which the distance to its terminus in New Brunswick was increased a hundred and fifty miles, and the prospect of its ever securing a sustaining traffic utterly destroyed; now, when the International from Sherbrooke makes its connection in the State of Maine, which will shorten the distance three hundred miles, the Intercolonial will not, to use a common expression, pay for the grease to lubricate its wheels;—\$4,791,960 were also paid New Brunswick for what is called "The European and North American Railway." The public accounts give us no information respecting the traffic of this road; but, as this must be dependent chiefly on lumbering operations, an end will soon be put to it by the reckless, wasteful and unprofitable slaughtering of the timber that is going on; and when their forests, which afford nearly the whole means of support to the people of that Province are exhausted, a general exodus must ensue, and the railway be left to take care of itself.

Nova Scotia and Prince Edward Island were paid, as a part of the price for joining the Confederacy,—the former in the purchase of a railway by the Dominion, costing \$6,740,486, and the latter \$3,409,916 for a railway which has not paid running expenses by nearly \$200,000 in the last two years; and if the complaint of the Islanders, that the Americans are ruining their fisheries, is true, the traffic of the road, which derives its support from that source, must soon come to an end;—\$1,169,931 have besides been expended on railways in Nova Scotia and New Brunswick, and the latter Province is now before the Dominion Parliament claiming a large additional sum for the further extension of the Intercolonial. The whole of the foregoing figures, footing up to \$80,173,581, which, with the exception of the charge to the Grand Trunk, Ontario and Quebec had to pay as a part of the price to secure a partnership connection with those Provinces, numbering about half a million inhabitants.

The money thus thrown away on those railways, and for which the Dominion Government has to provide the annual interest as well as the loss in working them, is not, however, the only charge on its Treasury made by our Eastern associates. But (over and above the large sums given them as subsidies which were to cover all claims) it would occupy too much time and space to go into an inventory of all the charges and claims made for almost every conceivable improvement since Confederation, even to the building of an elevator claimed to be of national importance, and to be paid for as such by money borrowed by the Dominion Government, while their representatives, with those of British Columbia, appear to think that their chief business in the Dominion

Parliament consists in keeping up an incessant clamour for more outlay and better terms ; British Columbia threatening to cut the connection if they are not furnished with a railway across the Continent by the 1st of May. So much for Ontario and Quebec confederating with those Provinces ; but it is what any one not blinded by partizanship must have foreseen.

We built the most capacious, efficient and costly canals to be found in the world to connect the Western Lakes with the Atlantic Ocean. These canals (the Welland and St. Lawrence), with the deepening in Lake St. Peter and improvements in the St. Lawrence River, cost \$19,035,987, the annual interest on which at 5 per cent. amounts to \$951,799 and for the forty years since they were enlarged, \$38,071,060. The only returns I have showing the net receipts from these canals are those from 1860 to 1865 inclusive, which average \$145,490 a year, and computing the whole term of forty years at that rate gives \$5,818,400, showing that the tolls fell short of paying the annual interest \$806,339, and for the whole forty years \$32,253,560 ; and when we have added \$30,000,000 more, as we are doing, to the cost of these canals, the annual interest will be, in round numbers, \$2,500,000.

The Welland Canal was built solely with a view to the trade of the Western States. The first vessel that ever made the passage between Lakes Ontario and Erie was an American, on which I was a passenger, over fifty years ago. The canal had then cost some two millions of dollars, and not another dollar should have been further expended on it beyond necessary repairs. A mania, however, took possession of the ruling minds of the country for canal enlargement, and the cost of this canal for this purpose was increased from that sum to \$9,400,000, and its chief service, so far as it has been used from that day to this, has been in the interest of the Western States grain growers, enabling them the more successfully to compete with our own agriculturalists in foreign markets. But this saddling of the country with half a million of dollars a year, to pay the interest on that outlay on this canal alone, it appears is now considered as not enough sacrifice to make for the Western people ; and, notwithstanding the canals, the Welland and St. Lawrence have never yet been used to a tenth of their capacity, we are busy tearing down their magnificent cut-stone locks to make room for the expenditure of \$30,000,000 for reconstruction and canal enlargement, to enable the Western shippers to pass from their Lake ports to the Ocean with vessels of fifteen hundred tons burden, which, we are told by the advocates of the measure, will divert the carrying trade of the West from American Atlantic ports to Montreal, for transshipment, and thus, in the new-coined term of one of our late Finance Ministers, " recoup " all our losses. The same argument was made when the first canal enlargement was under discussion, and we have realized its falacy to our immense loss, and it is certain we shall fare no better with our present wasteful and extravagant outlay. American railways will do the carrying trade of the West then as now, no matter to what extent the canals

are enlarged or how much money is expended on them. The following figures from the *Journal of Commerce*, showing the per centages of the whole amount of grain received by various cities at their shipping ports, will enable us to arrive at some understanding of this subject :—

	PER CENTAGES.				
	1873.	1874.	1875.	1877.	1878.
New York.....	53.4	57.8	53.7	59.7	50.7
Boston.	6.2	5.5	7.4	8.2	7.4
Philadelphia.....	14.5	11.9	13.8	13.2	15.4
Baltimore	9.1	11.6	11.3	15.0	16.3
Montreal	10.0	7.1	8.2	8.2	5.2

From the foregoing it will be seen that while New York, with its lakes and canals in addition to its railways, has fallen off to some extent in its percentages of the traffic from the West in the last six years, Boston, Philadelphia and Baltimore with their railways alone, and at greater distance from the points of Western shipment, have been increasing them; and while Montreal, with its lakes, its short, capacious and efficient canals, has fallen off from 10.0 to 5.4 in its percentages, Boston, with its 200 miles greater distance, is some 40 per cent., Philadelphia nearly 200 per cent., and Baltimore nearly 220 per cent. more than Montreal. And I find, further, that while the traffic on the New York canals fell off from 68.9 per cent. in 1859 to 24.6 per cent. in 1876, or a hundred and forty per cent. decrease, the tonnage on the railways of that State increased from 5,485,076 in 1859 to 17,489,770 tons in 1875 (which is the last return I have), or two hundred and forty per cent. increase. And this difference in favor of the railways will keep up, if not increase in the future. Time and distance are annihilated by the rail, and it defies competition.

But, admitting all that the advocates for canal enlargement claim for it, and that a large amount of the grain of the West would reach and be reshipped at Montreal, how much benefit would the country derive therefrom? A few shippers at Montreal would make some profit out of it, but the country comparatively nothing. A propeller built by Americans, and manned with their own men, and loaded with a fifteen hundred tons cargo of grain, would, before leaving her shipping port, be supplied with everything necessary for the voyage, and arrive at Montreal without the necessity of spending a dollar on the way; and there discharge into a foreign ship or steamer, similarly provisioned, and both be on their way again in twenty four hours to their respective destinations. How much, I would again ask, would the country or even Montreal gain by the operation? and how much towards the payment of \$2,500,000, which will be the interest on the cost of the canals when completed, would the tolls and outlay on a thousand such cargoes meet, even if a thousand dollars were expended on the transshipment of every cargo? The tolls would amount to \$300,000, and a million of dollars would be the expenditure, the profits on which, at the

high rate of 20 per cent., would be \$200,000, which, added to the tolls, would make	\$500,000
against the interest on the cost of the canals amounting to.....	2,500,000

and showing a loss, even at that extravagant rate of expenditure. of \$2,000,000 And these a thousand vessels would deliver at Montreal 50,000,000 bushels of grain, against 4,115,708 bushels, the whole importation from the Western States reaching this city last year, by both canal and rail !!!

To secure tolls enough to pay that interest on the cost of the canals would require a tonnage to pass through them equal to the tonnage of all the sail and steam vessels of Great Britain and Ireland, the Dominion of Canada, and all the other British Colonies, with the whole tonnage of all the sail and steam vessels on the ocean and on the lakes owned by the United States added, or two-thirds the tonnage of the whole world.

Surely our rulers, and those who instigate them to throw away \$30,000,000 additional on the canals, must jump at conclusions without troubling themselves with investigation or reflection on the subject, and thus blindly rush the country into a heavy debt which will be entailed on it for all time to come, and that for the benefit of the Western grain growers and shippers. A screech from the propeller's whistle, warning to clear the way for her onward course to the ocean, will, if I am not much mistaken, be the chief enjoyment Montreal will experience from the enlargement, one half of the cost of which would improve the Ottawa, Matawan and French Rivers, to Georgian Bay, whereby as large an amount of freighting capacity would be secured, six hundred miles of distance on the round trip saved, the yearly loss of life and property on the Lakes greatly reduced (the latter amounting in the last two years to a million of dollars), and a way opened up for the cheap freighting, by return vessels from the Ottawa and Georgian Bay country, of lumber to the West, which will soon be required there, while the Welland and St. Lawrence Canals would be left in their former efficient state for any traffic that might be offered them. All of which advantages will be lost by the present wild, reckless expenditure; and, moreover, I shall be much mistaken if the bulk of the shipments from the West will not take the Georgian Bay route to the ocean, and Quebec secure a larger per centage of it by the railways connecting that port with Georgian Bay than Montreal, and between them both leave the Welland Canal as empty of traffic as the Rideau has been since the opening of the St. Lawrence route.

We purchased the Northwest Territory from the Hudson's Bay Company at a cost of \$1,500,000, and if we add to this sum the interest and cost of management (the latter, as stated by our late Finance Minister in one of his electioneering speeches, amounting to a million of dollars a year), that Territory will have now cost us some seven or eight millions of dollars; and we have for years been sending out of the country a large amount of money to keep up an

emigration staff in Europe and afford assistance to emigrants, in our efforts to colonize it ; and when the emigrants, thus expensively secured, arrive at Quebec, we give them good feed, and again when they reach Montreal, and then pack them off to the West, the bulk of them to swell the population of the North-western States ; and we have, besides, Colonization Societies established in Ontario and Quebec, encouraged by the Government, Legislators, public men and the Press of both political parties, Free Traders and Protectionists, as if the bankrupt condition in which they find the country had so affected their minds as to drive them all crazy ; and these Societies are busy at work patriotically inducing our own farmers to pull up stakes and move to the Northwest,—a work in which, to the evident approval of the Press, they are meeting with great success. I will here give a sample of the notices (of which the daily papers are full) on this subject. One informs us that “a party of one hundred and fifty, comprising a whole settlement in the Gatineau district, leave in a few days for Manitoba.” Another says : “Over two hundred persons, principally agriculturists, left Ottawa for Manitoba on the 24th, taking with them thirty car loads of freight.” Another of the 24th ultimo says : “About 200 farmers from along the line of the London, Huron and Bruce Railway, will leave London, Ontario, on Tuesday next, for Manitoba and other parts of the Northwest ;” and a correspondent of the *Toronto Globe* informs us, through that paper, that “the inhabitants of this Province (Ontario) are noticing with pleasure the evidence of an exceedingly large emigration from the Provinces of Ontario and Quebec to Manitoba, in the coming spring and summer, and more especially as the intending emigrants appear to be of the right class,—viz., farmers.” And, as if to advertise to the world that we had totally lost our senses, the cities of Ontario and Quebec have lecturers employed, whose addresses are extensively copied by the city papers, warning the emigrants we spend so much money, and take so much pains to bring out, of the great sacrifices they will make, and the great hardships they will undergo, if they settle on the timber lands of Ontario and Quebec, and strongly urging them to make their homes in the prairie lands of the Northwest. In fact, no stone is left unturned in the efforts to discourage our own agriculturists with their condition, and prevent from settlement, by the immigrant accessions to the population, the millions on millions of acres of good agricultural land lying waste in both Provinces ; and along with the utter insanity of their proceedings, in thus labouring to depopulate and ruin their own Provinces, they commit a gross wrong on the ignorant immigrant settler, in thus inducing him to locate two or three thousand miles away from a shipping point for his produce, where all the profits of his labour will be eaten up in the cost of its transportation to market, and in a bleak, treeless, shelterless, hyperborean prairie region, where, for six months in the year, he will be shut up from all out-door work, and forced, for the want of firewood, to make fuel of the corn raised in the summer to keep his family from freezing to death

in the winter; while, on the other hand, there are millions of acres of good farming land to choose from in the neighbourhood of lines of railway, and to be had for almost the mere settling on, in both Ontario and Quebec, and especially in the Eastern Townships of the latter Province, where life may be enjoyed in the most healthy climate to be found on the continent of America, and where the settler and his team can find profitable employment in supplying cord-wood to the railways, logging for the neighboring saw-mills, and preparing his timber for market the whole winter through; and where a half a score of acres of his timber will, in less than a half a score of years, be worth more than a hundred-acre farm with all its buildings and improvements in the Northwest, and where, besides, he will be in as close proximity to the transatlantic purchaser and consumer, with everything he has to dispose of, as if located within a few miles of New York or Boston.

In contradistinction to the suicidal policy I have above pointed out, a Scotch Colonization Society is at work in the Eastern Townships above referred to, preparing a house to live in, clearing five acres for cropping, and offering a hundred-acre lot with these betterments at half the price (payable in five yearly instalments) that a settler would be required to pay down to move his family, household effects, and farm necessities, and provide shelter for them in the Northwest. And what encouragement do our provident Dominion Government, public men and the press give to this effort of settling the waste lands at our doors? None whatever. It does not involve a ruinous outlay on the country, and is of course unworthy the notice of our Ottawa authorities and public men. "The Northwest! The Northwest!" is their crazy cry, and they go it blind.

We are now engaged in rolling up an enormous debt on the country in the building of a railway which, with its branches, rolling stock and equipments, is estimated to cost \$150,000,000, and which, in addition to the interest on that sum, will for generations entail a heavy loss to pay its working expenses—to reach, after running through hundreds of miles of barren country, fifteen thousand (as given by the census of 1874) fishermen and miners scattered along the Pacific slope,—enough if gathered together to constitute a moderate sized inland village, whose affairs could be efficiently managed by a Township Council with a Reeve at its head; and although we have already spent from twelve to fifteen millions of dollars in our efforts to furnish railway facilities to enable the representatives of so important a community to reach the seat of the Dominion Government, and give their valuable assistance in the legislation of the country, it appears we were not making rapid progress enough in getting across the Rocky Mountains to satisfy them, and they resolved to cut the connection if the road was not prepared for their return trip home by the 1st of May next. So greatly alarmed were our authorities at Ottawa, lest this threat would be carried out, and considering the immense loss the Dominion

would sustain if such a withdrawal of so valuable an appendage took place, that they felt it necessary to put it into the mouth of the Governor General to declare from the Throne that all our energies would be bent, and all our means employed to push forward the undertaking to completion without delay, and they now hope that that great Province will be secured to the Dominion, and saved from uniting its destinies with Alaska.

This railway, besides serving the valuable purpose I have above pointed out, will also assist in colonizing the Northwest for the United States; and, that this is sure to follow its settlement, it needs no prophet to predict; as surely no one in his senses can for a moment suppose that a community made up of half-breeds, dissatisfied, if not disaffected English, Irish, and Scotch settlers, French and German Socialists, Swedes, Norwegians, Icelanders, Russians, Swiss and other nationalities, who will make it their home, will submit to a crushing taxation, when, by casting an eye across an imaginary boundary line, they will see a neighbouring Nation not only free from the imposts they have to bear, but prosperous and flourishing to a degree never before exhibited by any other country. Besides, it would appear as if to enable them the sooner to realize their inferior condition, through business intercourse with the States—our first attention has been given to the building of a railway from Fort Garry, in Manitoba, to Pembina, at the boundary line in Minnesota, to connect with the lines of railway diverging in all directions from that State, to reach the business marts of the Union, where the merchants and others of the Territory may conveniently establish their trade connections, by which to supply the colonists with manufactures, which the United States will be able to furnish at cheaper rates than any other country, and supply them as well with teas, sugars, coffee, spices, drugs and such other commodities as are not grown or produced by their own people.

And now, besides the vast outlay for these railways and the other charges connected with the North-west, it appears the Government has in contemplation the building of four or five hundred additional miles of railway, from Prince Albert, on the Saskatchewan River, to Hudson's Straits, which will cut off Ontario and Quebec—the two Provinces which have to bear the Dominion taxation, the others being only a bill of expense—from sharing in the profits of the shipping and handling of the products of the colonists. This railway, which is characterized by the Press as "a magnificent scheme of colonizing the North-west," has recently been brought to the notice of the public and highly commended by the Dominion Surveyor-General, and like the other magnificent schemes under way to crush the life out of our already overburdened people, the Legislature will, no doubt, soon be called upon to give its sanction for the borrowing of funds for this additional load.

Having now animadverted on the management of our Canadian affairs so far, I turn to notice and place what has been accomplished by the United

States, since the close of their terribly destructive intestine war, in contrast with that of the Dominion. It will be seen, that while they have had to bear the loss of 800,000 of the working men of their population—the loss of a vast amount of labour by making freemen of their slaves, and the waste and loss of thousands of millions of dollars' worth of property and money by that strife—they have made good the waste and losses, and annihilated their effects; they have increased the agricultural and other industries of the country to such an extent that their exports show an increase over imports of \$779,970,212 in the last five years, and in the single year just past of \$302,508,308,—a state of profitable trade not read of in the commercial history of any other nation. They have built up manufacturing industries capable of supplying their own people and placing them in a position to compete with the most advanced manufacturing nations, in the markets of the world; they have restored their paper currency (which was a drug amongst themselves a few years ago at a hundred and fifty per cent. discount) to par with gold, and their six per cent. bonds (which they were forced to sacrifice at one-half their face value) are now reduced to four per cents, at which rate they are sought after by their own and foreign investors at a premium of four and a half per cent.; they have reduced their war debt by many hundreds of millions of dollars, and have purchased back all but some two hundred millions of dollars worth of their bonds held by foreign countries, the interest on the latter amount only being now payable abroad; they have established specie payments, and have cash in the Treasury amounting to \$420,787,458; and all this, too, at a time when the industries of all other commercial countries have remained in a state of utter prostration, and bankruptcy has been the order of the day!!

The yearly exports over imports for the last five years I copy from a recent issue of the *New York Times*, as follows:—

1874.....	\$ 63,190,035
1875	64,464,800
1876.....	185,202,605
1877.....	164,604,464
1878.....	302,508,308
Aggregating.....	\$779,970,212

—a sum over six times the note circulation of the Bank of England, and over twelve times the banking capital, and twenty-six times the note circulation of the whole Dominion of Canada, and a continuance of the excess of exports for a few years will sweep the money marts of Europe of their coin, make the United States the money centre of the world, and place them far in advance of any other nation in wealth and prosperity, and they have besides everything within themselves to perpetuate and increase the enormous trade balance shown in their favour, and thus, as far as can be seen, secure a prosperous future for

their country ; they have grain of all kinds, beef, mutton, pork, butter, cheese, &c., to feed their own people at the cheapest rate, and supply a great portion of the foreign demand as well ; they have cotton for home manufacture and exportation to a larger extent than any other country ; they have wool to clothe their own people, and the means of growing it to any amount ; they have tobacco for home consumption, and can raise it to supply any foreign demand that may be made upon them ; they have iron, coal, petroleum, and all other minerals most in use, including the precious metals. They have fruits of all kinds for home use, and soil and climate to enable them to grow sufficient to manufacture their own and dispense with foreign wines and other imported liquors ; they can produce their own sugar, and are making an effort to grow their own tea ; they have the most efficient labour-saving machinery, both for the field and factory, to which they are constantly adding by the study and skill of the most inventive and ingenious artisans to be found anywhere ; they have factories which are able to double their present production, and ready to respond to a largely increased home and foreign demand when called on ; they have over eighty thousand miles of railway in operation, furnishing facilities for the internal commerce of the country and shipment abroad ; they have the producer of the food, the raw material and the manufacturer side by side, and with cheap money, which they are sure to have in the near future, no country will be able to compete with them in manufactures ; even now they are in successful competition with England in foreign markets, which she long wholly supplied, and while that country has been falling behind in her general exports, the United States have been working up for the last five years from a large balance of trade before against them, to a yearly increasing balance in their favour and amounting in the single year just past to the enormous sum of \$302,000,000 ! and it is certain when this turn of prosperous trade begins to be realized by the millions in enforced idleness abroad, a vast immigration is sure to take place to fill up their waste places and further increase the general prosperity.

[Since the foregoing was placed in the hands of the printer, I find from the New York *Daily Commercial Bulletin* that the exports exceeded the imports \$114,694,000 in the four months from the 1st December to the end of March last, and that the specie imports exceeded the exports \$161,945 for the first three quarters of the fiscal year, showing that the whole current production of the precious metals is still being kept in the country with the above balance to boot !!!]

And now let us see how our Canadian affairs have progressed in the same time, and what our prospects are for the future. We had no war on our hands lasting four or five years, destroying our property and slaughtering off hundreds of thousands of our workingmen ; we had no Army and Navy to keep up with men and means ; we were at peace among ourselves and with the world ; there was no cessation of our agricultural and other industries when our neighbours

commenced to destroy each other and their property ; we had access to their markets with our agricultural products, free of duty and at war prices, and were in every particular in the most favourable circumstances to take advantage of and accumulate wealth out of their necessities while the war lasted ; but our Bank Managers of those days decided that it would be more to their credit to ignore the advantages we thus possessed, and let the business and industries of the country go to ruin, than have it whispered on the London Stock Exchange that they had suspended specie payments, and off they packed their funds to that city and to New York to speculate with, and also to be drawn against, for the accommodation of the importers and wholesale merchants, who soon swept the country so clean of bank paper that it was about as great a curiosity to see a dollar bill in circulation as a silver dollar changing hands at the same time among the people of the States, the country the meanwhile going to the dogs ; and had it not been for the small amount of silver that was brought in and circulated amongst us, in the purchase of the little produce we had to spare, by our neighbours across the line, one half of our population would have been forced to clear out ; and as it was, no less than 44,000 of our adult male population (as shown by the war statistics) were glad to find the means of support by enlisting in the service of the people of the North, whose wants were such, that to obtain what little produce we had to part with, they were forced to drain their country of specie at a cost of \$2.50 in national bank paper for one in silver, not a dollar of which, however, would our Banks take in payment of debts, or make use of as a medium of exchange to keep up the industries of the country ; and having thus for years, both during and after the war, rendered it comparatively valueless for business purposes, they at last set up a hue-and-cry against it, and got it banished the country as a nuisance, by Act of Parliament. The importers and wholesale merchants, being meanwhile the only parties the Banks would do business with, kept broadcasting their goods over the land by means of commercial runners, who disposed of them all over to Tom, Dick and Harry, and these again, on long credits, to any one who would take them off their hands, the wholesale merchants not recognizing, what must have stared them in the face, that the languishing industries of the country (by the course I have pointed out) deprived the people of the power of creating the means to pay for them. *And this way of managing our business affairs, with the squeezing out of the people by taxation what little money their crippled industries supplied them with, to send out of the country, in payment of the interest on unproductive public works, and supporting besides eight extravagant Governments, with their Governors, Executive Councils, Senators and Representatives, Local and Dominion, and as many courts to manage the affairs of a population only equal in numbers to that of the State of New York—has eaten the heart out of the industries of the country and brought us to our present condition of general*

bankruptcy ; and I would here advise our present Finance Minister not to flatter himself with the belief that restoring a few sugar refineries, and introducing a few cargoes of tea by direct importation from its place of growth, with doubling the general taxation, will bring relief and secure prosperity to the people. Nor was the country in a state of prosperity, as he and others assert, when he left office in 1873. If it had been it would not have gone down like a house of cards in a gale, without some more substantial cause for the sudden collapse than that the people were not heavily enough burdened with duties on imports. We had at that time, and for a few years previous, been favoured with a large demand and high prices for our timber and lumber, both by Great Britain and the United States ; the country became flooded with imported goods more than ever ; new banks sprang up in all directions, which to pay dividends, had to get their paper promises in circulation, and as a consequence importers, wholesale merchants and real estate speculators had no trouble in obtaining all the discounts they asked for ; city and suburban property rushed up like a rocket out of sight ; manufactures made a sudden spurt by the banking accommodation afforded them, and every one felt rich, till called on to pay up, and then the end came. There was no solid foundation. The seeming prosperity was an *ignis fatuus* which vanished when our lumber ceased to be in such heavy demand, and the people were called on to pay their debts. The importers, however, kept up hope that matters would change for the better, and kept up their importations as well, as will be seen from the excess of imports over exports, for the last six years, which I copy from the *Journal of Commerce* of the 24th January last, as follows :—

[illegible]

Making in all \$219,466,491

rolled up in six years against the profits of the industries of four millions of people. And what have we got to show to balance that immense sum? It can't be seen in the reduced stocks of our retail shops, and in the warehouses of our wholesale merchants. It can't be seen in the 1,695 bankruptcies of the year. It can't be seen in the reduced banking capital, the reduced dividends, and the stocks 30 to 75 per cent. lower than six years ago. It can't be seen in the reduced capital of our insurance companies occasioned by losses in that time. It can't be seen in our ruined manufacturing industries; in the depreciated value of city and town property; the empty houses and rents at half price; in the wasted forests of Ontario, Quebec and New Brunswick, nor in an

increase to the shipping tonnage. All that can be shown to balance the account are the clearances and betterments, covered as they are in a great measure by mortgages held abroad, in the agricultural districts, and the bonuses given by Ontario and Quebec in aid of local railways, the former of which, the losses sustained by the business community would cover several times over, while the losses of the commercial woods of our forest would amount to much more than all the Government bonuses obtained by the railways. In fact, instead of our having anything to show to balance the account, the country is poorer to-day than it was six years ago, and that huge amount remains a dead weight on its resources, to meet which, in addition to the other demands upon us, out of future earnings, is simply an impossibility.

With regard now to the question of taxation. We constantly hear, when reference is made to the condition of the United States, the most doleful accounts of how their people are borne down and overwhelmed with taxation, and how lightly we are taxed in comparison. Sir Francis Hincks, an authority on fiscal matters, bewails their condition in this respect in his letter in the February number of the *Canadian Monthly*, replying to Professor Goldwin Smith's "Political Destiny of Canada," asserting that "they are the most oppressively taxed people of any to be found in the whole civilised world," and this being the general impression of our Canadian people, I now propose to place this highly important fiscal question before them in its true light by a comparison in figures of their taxation with that of ours, and how we will stand in this respect a few years hence when the public works we have on hand are completed.

The whole amount of the annual expenditure of the United States Government for all purposes—supporting their Government, their army and navy, their diplomatic corps and consulates in every nook and corner of the world, pensions to their disabled soldiers, fighting and supporting their Indian tribes, interest on their war debt, interest on Pacific Railway bonds, with providing millions of dollars for river, harbour and other national improvements, &c., &c.—amounts to \$236,000,000, or \$5 a head of their forty-seven millions (Dun, Wiman & Co. estimate it at 49,185,000) of population. The amount raised by duties and excise by the Dominion for *Government support and interest alone* is \$24,000,000, or \$6 a head of her four millions of population, or 20 per cent. more than theirs.

Again, the National expenditure of the United States is.....\$236,000,000
and the interest on \$336,000,000, being the entire debt of all the
separate States, and computing interest at 5 per cent.,
amounts to..... 16,800,000

making the total National and States expenditure.....\$252,800,000
or \$5.38 a head of the population, and about 9 per cent. less than ours.

Again, our present expenditure is.....	\$24,000,000
The cost of the canals when completed.....	\$ 30,000,000
The cost of the Pacific Railway, &c.....	150,000,000
	<hr/>
	\$180,000,000
Add the interest thereon for the next five or six years, while the works are in progress, say.....	20,000,000
	<hr/>
making in all.....	\$200,000,000
the interest on which at six per cent. (which is a lower rate than it is likely to be borrowed at, if, indeed, it can be borrowed at all) will amount to.....	12,000,000

making\$36,000,000
or \$9 a head of the population, and 80 per cent. more than that of the general government of the United States, and some 70 per cent. more than the general government and all the separate States of the Union combined. So much for the bugbear of American taxation that we hear so much about! And now I would ask, with intense interest, Where is the mine of wealth to be sprung to enable us to meet that yearly demand of \$36,000,000 on the country, with the additional millions which will be required for running expenses and maintenance of the railways and canals? All the cereals and lumber we export from Ontario and Quebec hardly pay the present Government expenditure, and when our great staple, the commercial timber, which returns more revenue to the country than our whole agricultural products, is brought to an end, and a decade will leave us without any for exportation, how are we then to meet our liabilities? All the farm produce we will have to export will not suffice to pay the interest alone on our bonds held abroad, to say nothing of supporting eight Governments, meeting our corporate and individual foreign indebtedness, and importations besides!

Our Finance Minister now informs us that our obligations to the amount of \$46,041,214 will mature and must be provided for at different periods within the ensuing six years, and when he goes on a borrowing mission for this and the sums required for the public works under way (which he will soon be required to do), what answer can he give the London money lenders when asked for a statement of liabilities and assets? Will he tell them that our imports exceeded our exports \$220,000,000 in the last six years, and that we have nothing whatever to show for it? Will he tell them that we are indebted to British capitalists \$140,000,000, and all we have to show for it is the Intercolonial Railway, which falls short half a million of dollars a year to pay its working expenses, and a few other worthless railways for local traffic in the Eastern Provinces which don't average the cost of running them? Will he tell them that we had the most magnificent canals to be found in the world, and that

notwithstanding they were never used to a tenth of their capacity, we are now in the market borrowing \$30,000,000 to enlarge them for the sole advantage of the Western States of the American Union, and that at a certain loss to Canada of over two millions of dollars a year? Will he tell them that we have already expended some twenty millions of dollars of their money in building a railway—which is to cost \$150,000,000, and which for generations will not pay running expenses—to secure the traffic of some fifteen thousand settlers on the Pacific coast and assist in colonizing the Northwest Territory for the United States? Will he tell them that we support a Dominion Government with a Vice-Regal Court and seven Provincial Legislatures to manage the affairs of a population equal in numbers to that of their city of London? Will he tell them, in the language of a recent correspondent of the *Witness* of this city, that “we have reached the situation when bankruptcy is doing its frightful work all over the land, when values of all descriptions have fallen 50 to 75 per cent., when millions of the people’s money has been swept out of existence, and no prospect of better times is in sight”? Will he tell them that this is the true state of our affairs? If not, he will be deceiving them in such a way as an individual would be liable to a criminal prosecution for—obtaining credit under false pretenses.

The impoverished state, as above depicted in the *Witness*, to which the country is reduced, will not remain in its present condition, bad as it is, but will continue to grow worse and worse, until the country is relieved by a change in its political existence, and that change must be a more radical one than that of Independence advocated by the party I have quoted from. Neither Independence, a Zollverein nor Reciprocity would have power enough to lift us out of the pit into which we have fallen; and, did no other means of extrication present itself, we might well sit down in utter despair. But a powerful party has put its shoulder to the wheel—the great conservative party of the country—against whom no charge of disloyalty can be made, realizing the situation that *sentiment can’t combat necessity*, has cut the Gordian knot, and virtually severed the connection with the Mother Country, by the adoption of a fiscal policy which, to all intents and purposes, asserts our Independence, and leaves us at liberty to choose such a course as may be thought best to secure the welfare of the whole people, and when it is found, as it soon will be, that doubling their burdens is not the way to free them from their difficulties, but will sink them

“From the depth of their deep in a deeper gulf still,”

a more common-sense view of the question will be taken, one which will force the conviction that our only salvation will be admission into the American Union, and when this, our “manifest destiny,” which has already been too long delayed, becomes an accomplished fact, when the boundary line is swept away, and the United States and the Dominion of Canada is consolidated in one

grand confederacy of free States, then only will our prosperity be secured and made permanent ; commercial intercourse will be unobstructed from the Atlantic to the Pacific, and flow as freely through all parts of the Union as the waters now dividing the two countries make their way to the oceans. Our farmers will not be met at the frontier with prohibitory duties, but will have the same unimpeded access to their markets as is enjoyed by the other States of the Union, with their cereals and everything from a horse and an ox to a chicken and an egg, they may have to dispose of. Our lumberers will be able to load their own boats with the products of the forests, and proceed on their way to market without being intercepted by Customs Officers demanding duties, and forcing them to unload as soon as they touch the American boundary. Our minerals will also enjoy the same freedom from duties and interruptions. Our manufacturing industries will have a home market of fifty millions of consumers, and share in the trade and advantages of such as may be secured abroad by the general Government. Our shipwrights will be set to work to build up a merchant-marine for the Union. Our ocean vessels will be free to the coasting trade of the whole North American seaboard, and partake in the carrying trade of all parts of the world ; and our lake craft will enjoy equal privileges with those of the bordering States. Money will flow into the country ; property all over will rapidly increase in value ; the water power in our neighbourhood will be largely utilized ; the real estate of the city will soon advance to higher prices than it ever reached in the most speculative times, and the city itself be forced to enlarge its borders ; the harbour will soon have a shipping traffic second only to that of New York of the whole American Union, and the wheels of industry, so long remaining blocked, will be set in motion, infusing new life into the whole business community, while our representatives will be favoured with the opportunity of exhibiting their legislative talents before fifty millions of people, and our statesmen take part in the deliberation of the national Councils, and share in the direction and management of the affairs of nearly the whole North American Continent,—a Nation double the size of all Europe, possessing every variety of soil and climate, and richer in minerals and all the elements of wealth than any other known country on the face of the earth. A share in all this is within our reach, if we only choose to avail ourselves of it, and surely it must be evident to all that it is only trifling with the interests of the country to remain as we are, and utter nonsense to fancy we can continue to go on as we are doing.

A clause was inserted in the original Constitution of the American Union for the admission of Canada when demanded, and that point being settled, the only question would be as to terms. They paid Russia \$7,000,000 for Alaska—spoken of as an iceberg by some of their papers. It cost them \$3,000,000,000 in money and the loss of 800,000 men, with the destruction of a vast amount of property, to retain the South in the Union, and surely they would consider

the assumption of our debt a cheap investment to get rid, if nothing more, of having a separate Government, with all its perplexing and troublesome relations and complications, at home and abroad, extending along their whole Northern frontier, from the Atlantic to the Pacific Ocean. This would give us a clean sheet to open accounts on, and sharing, as we would, in the whole material interests and wealth of the Union, it would be our own fault if we did not share in the general prosperity as well.

And now, in conclusion, I would say that whatever may be thought to the contrary from the views above expressed, I yield to no one in sentiments of attachment to the Mother Country, and I agree with Professor Smith that "the ties of blood, of language, of historical associations, and of general sympathy, which bind the British portion of the Canadian people to England, are not dependent on the political connection, nor is it likely they would be at all weakened by its severance, nor fail to be manifested by practical assistance in the hour of need," while they would, at the same time, exercise much influence in fostering the growth of the friendly feeling towards the Mother Country now manifesting itself in the United States, and thus help to bring closer together in sentiment and policy these too long divided and estranged Anglo-Saxon Nations.

A British Immigrant of Fifty-six Years' Standing.

Montreal, April, 1879